

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 OPIC-03 XMB-02 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 /108 W

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R 221344Z JUL 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 049

INFO USDEL MTN GENEVA

AMEMBASSY ATHENS

USMISSION EC BRUSSELS

OECD PARIS 3746

AMCONSUL ADANA

AMCONGEN ISTANBUL

AMCONSUL IZMIR

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PASS TO STR

E.O. 11652: N/A

TAGS: ETRD, TU

SUBJECT: MULTILATERAL TRADE NEGOTIATIONS (MTN) AND GENERAL

SPECIALIZED PREFERENCES (GSP)

SUMMARY. DURING MTN AND GSP REVIEW, MINISTRY OF FOREIGN
AFFAIRS (MFA) SECRETARY GENERAL, SUKRU ELEKDAG, EMPHASIZED
ON JULY 18 BOTH TURKISH DESIRE FOR GSP TO BALANCE THEIR
RELATIONS WITH EC AND POSSIBLE SERIOUS ADVERSE EFFECT ON U.S. -
TURKISH TRADE RELATIONS IF BENEFICIARY STATUS DENIED. GOT OFFICIALS
PRESENTED STATISTICAL INFORMATION AS PROMISED TO EXPEDITE U.S.
CONSIDERATION AND INDICATED SYMPATHY WITH U.S. REQUIREMENT
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TO AVOID SIGNIFICANT HARMFUL EFFECT ON U.S. COMMERCE RESULT-

TING FROM PREFERNECES. GOT CONCLUDED BY INDICATING DESIRE
TO CONCLUDE PROCESS AS SOON AS POSSIBLE. END SUMMARY.

1. GOT GAVE HIGH-LEVEL TREATMENT FOR VISITING ASSISTANT
SPECIAL TRADE REPRESENTATIVE (STR), STEPHEN LANDE, DURING
JULY 18 GSP AND MTN REVIEW IN ANKARA. FULL DAY'S ACTIVITIES
INCLUDED 40-MINUTE VISIT ITH MFA SECRETARY GENERAL AND CALL
ON UNDER SECRETARY OF TRADE, AGAH OKTAY UNER, AS WELL AS
WORKING LEVEL MEETINGS. PRINCIPAL PARTICIPANTS IN WORKING LEVEL
REVIEW WERE MFA OFFICIALS, MR. BEHIC HAZAR, DIRECTOR,
BILATERAL ECONOMIC RELATIONS, AND MR. VOLKAN VURAL, CHIEF,
UN ECONOMIC ORGANIZATIONS DEPARTMENT; MINISTRY OF TRADE
OFFICIALS, MR. MACIT VARLIK, DIRECTOR GENERAL, AGREEMENTS
DEPARTMENT, AND MR. OZER CINAR, DIRECTOR GENERAL, EEC
DEPARTMENT; STATE PLANNING OFFCIALS, MR. HIKMET CETIN,
DIRECTOR, ECONOMIC PLANNING DIVISION, AND MRS. BIRGEN
KELES, EXPERT, ECONOMIC PLANNING DIVISION.

2. GOT PRESENTED, AS PROMISED EARLIER, COMPLETE STATISTICAL
DATA OF GSP DATED JULY 17 TO UPDATE AND EXPAND UPON THEIR MAY 17
PRESENTATION. NEW HANDBOOK CONTAINS TURKISH JUSTIFICATION FOR THEIR
CLAIM THAT PREFERENCES GRANTED EC IN TURKISH MARKET ARE NOT
HAVING A SIGNIFICANT ADVERSE AFFECT ON UNITED STATES COMMERCE.
TABLES DESCRIBE EVOLUTION OF U.S., EC, AND OTHER THIRD-
COUNTRY TRADE AND LEGAL EC AND PREVAILING DUTIES ON PRODUCTS
OF INTEREST TO U.S. GOT AGREED THAT THEY WOULD WORK THROUGH
EMB IF ANY ADDITIONAL INFORMATION REQUIRED FOR WASHINGTON
ANALYSIS.

3. DURING REVIEW, GOT MAINTAINED TRADE STATISTICS DO NOT
RPT NOT BEAR OUT CONTENTION THAT TURKISH-EC AGREEMENT HAS HURT
U.S. TRADE. U.S. SHARE OF TURKISH IMPORT MARKET HAS BEEN
DECLINING STEADILY SINCE 1963, NINE YEARS BEFORE ANY PREFERENTIAL
TREATMENT WAS GRANTED EC. DECLINE FROM 31 PERCENT TO 9
PERCENT IS REFLECTION OF REDUCTION OF U.S. PRIVATE AND GOVERN-
MENT CAPITAL IMPORTS (DECLINE IN U.S. AID) AND INCREASED
EUROPEAN PRODUCTIVITIY COMBINED WITH ITS PROXIMITY AND THE
EFFECT ON TRADE PATTERNS OF TURKISH MIGRANT WORKERS IN EC.

4. GOT ALSO EMPHASIZED THAT CUTS UNTIL NOW ONLY AVERAGED
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5 OR 10 PERCENT FROM OFFICIAL RATES. PREVAILING RATES ARE OFTEN
LOWER. FIFTY PERCENT OF U.S. EXPORTS COME IN UNDER INVEST-
MENT LAWS ALLOWING DUTY FREE OR 1 (ONE) PERCENT TARIFF TREATMENT. A
MUCH LARGER PERCENTAGE OF U.S. TRADE BENEFITS FROM THIS
FACILITY THAN DOES EC TRADE. AS FOR FUTURE, TURKEY MAINTAINED
SLOW RATE OF IMPLEMENTATION F EC PREFERENTIAL TARIFF CUTS,
AND ANTICIPATED RENEWAL OF DUTY FREE TREATMENT SHOULD ASSURE
NO ADVERSE EFFECT.

5. ADJUSTMENT BY GOT TO COMMON EXCHANGE TARIFF (CXT) WILL BENEFIT AMERICAN EXPORTERS MORE THAN ANY POSSIBLE DETRIMENTAL EFFECT FROM PREFERENTIAL MARGINS, SINCE TURKISH MFN DUTIES ARE HIGH AND WILL BE REDUCED TO AN AVERAGE 9 PERCENT CXT LEVEL OR TO EVEN LOWER RATE NEGOTIATED IN MTN.

6. ON AGRICULTURE, GOT EMPHASIZED THAT COMMON AGRICULTURAL POLICY (CAP) NOT RPT NOT INCLUDED IN ASSOCIATION. THERE IS RPT NO COMMITMENT TO EC ON FAVORABLE ACCESS, AND MANY U.S. AGRICULTURAL EXPORTS RECEIVE DUTY FREE TREATMENT.

7. LANDE BROUGHT UP POTENTIAL PROBLEM IF TARIFF DISPARITY OCCURRED ON GOOD EXPORTED BY U.S. AND EC BUT NOT COVERED BY TURKISH AND OTHER INVESTMENT LAWS. FACT THAT MARGIN OF PREFERENCE TO EC IS BOUND WOULD PREVENT ELIMINATION OR REDUCTION OF MARGIN UNLESS DUTY REDUCED TO LOW RATE WHICH NOT RPT NOT ALWAYS POSSIBLE DUE TO NEED TO PROTECT TURKISH PRODUCERS. ALSO, MFN DUTY COULD NOT BE REDUCED TO BELOW CXT AFTER TRANSITION PERIOD. GOT POINTED OUT IN REPLY THAT IT DID NOT FORESEE THIS SITUATION OCCURRING DURING PERIOD OF U.S.-GSP. IF SITUATION ACTUALLY DID OCCUR, HOWEVER, THEY ENVISAGED REQUESTING EXEMPTION FROM EC-TURKISH ASSOCIATION COUNCIL. ALSO, THEY EMPHASIZED THEIR DESIRE TO MODIFY THEIR RELATIONS WITH EC TO ALLOW TURKEY MORE FREEDOM IN ARRANGING THEIR RELATIONS WITH THIRD COUNTRIES (E.G., 1975 TURKISH PROGRAM, PAGE 338, PARA 726(4)(V).. (TURKISH DISSATISFACTION WITH PRESENT ARRANGEMENTS WITH EC IS DETAILED IN IMMEDIATELY FOLLOWING TELEGRAM).

8. GOT INDICATED ITS DESIRE TO EXPEDITE U.S. CONSIDERATION OF ITS ELIGIBILITY. IT EXPRESSED WILLINGNESS, IF NECESSARY, TO COME TO U.S. TO COMPLETE CONSIDERATION. MFA OFFICIALS RESPONSIBLE FOR GSP WILL BE AT UNGA SPECIAL SESSION IN SEPTEMBER
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AND COULD COME DOWN TO WASHINGTON AT THAT TIME.

9. TURKEY INDICATED THAT IT WAS CONCERNED ABOUT MTN SINCE UNDER ASSOCIATION AGREEMENT IT IS TIED TO CXT. IT FEELS IT IS ON A ROLLER COASTER WITH NO CONTROL OVER DOWNWARD MOVEMENT OF CXT NEGOTIATED IN MTN. GOT PRESENTED INFORMAL SUMMARY OF ITS MTN POSITIONS WHICH WILL BE TRANSMITTED TO GENEVA. LANDE POINTED OUT THAT ANY REDUCTION OF CXT NEGOTIATED IN MTN WOULD BE INSIGNIFICANT IN COMPARISON WITH REQUIRED DUTY CUTS INVOLVED IN TURKISH ADHERENCE TO CXT. ALSO, TURKEY AS A MORE ADVANCED DEVELOPING COUNTRY HAS MUCH TO GAIN FROM NONTARIFF IMPROVEMENTS IN WORLD TRADING SYSTEM. IT WAS AGREED THAT AS TURKEY AND U.S. BOTH PARTICIPATE INDIVIDUALLY AND NOT AS PART OF A GROUP OF COUNTRIES THAT RESPECTIVE DELEGATIONS IN GENEVA MIGHT WISH TO EXPLORE COOPERATION IN MTN TALKS.

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